

CHARTER SCHOOL EVALUATION REPORT COMMISSIONER'S RECOMMENDATIONS

October 1, 2001

INTRODUCTION

The Charter School Program Act of 1995, as amended in November 2000, requires that the Commissioner of Education submit to the Governor, the Legislature, and the State Board of Education by October 1, 2001 an evaluation of the charter school program based upon (a) public hearings in the north, central, and southern regions of the state to receive input from members of the educational community and the public on the charter school program and (b) an independent, comprehensive study of the charter school program conducted by an individual or entity with expertise in the field of education. The Act further requires that the Commissioner's evaluation shall include a recommendation on the advisability of the continuation, modification, expansion, or termination of the program. If the evaluation does not recommend termination, then it must include recommendations for changes in the structure of the program which the Commissioner deems advisable. The Commissioner may not implement any recommended expansion, modification, or termination of the program until the Legislature acts on that recommendation.

Three regional hearings were held by the Department of Education in March 2001 in Newark, Trenton and Mays Landing. The testimony, both oral and written, presented by 244 individuals, is summarized in attachment A. The independent, comprehensive study has been conducted by KPMG via contract with the Department of Education. Attachment B is the executive summary of the independent study. The complete independent study is available in hard copy or CD-ROM and can be obtained by contacting the Office of Publications and Distribution Services of the Department of Education at 609-984-0905. The summary is available on the Department of Education's web site at www.state.nj.us/education.

The following general conclusions have been drawn from the public hearings, the independent, comprehensive study and the four years of experience that the Department of Education has had in implementing the Charter School Program Act.

- Charter school students, in the aggregate, are making substantial progress in achieving the Core Curriculum Content Standards in some, but not all, areas of the statewide assessments based on the results for the Elementary School Proficiency Assessment (ESPA) and Grade Eight Proficiency Assessment (GEPA).
- Charter schools, in the aggregate, are outperforming the districts of residence from which they draw their students in math on the ESPA and language arts on the GEPA. Student performance in other areas on these tests is comparable to the districts of residence.
- Charter schools, on average, have lower class sizes, lower student-faculty ratios, lower student mobility rates, extended school days and academic years, greater instructional time, and higher faculty attendance rates than their districts of residence.
- Parental and student demand for, satisfaction with, and involvement in charter schools are all extremely high. Parents and students in New Jersey clearly value the choices provided by charter schools. There currently are approximately 11,300 students attending 51 charter schools in New Jersey.
- There is little evidence that there has been either a substantial positive or negative impact on programs and budgets in districts of residence.

The Department of Education has implemented the new form of accountability envisioned by the Legislature and Governor in enacting the Charter School Program Act of 1995. Meaningful school choices, especially in urban areas, are now available to parents and students. Based on analysis of the first three cohorts of charter schools, students are performing at levels greater than or comparable to their districts of residence. There is no evidence of substantial negative impact on programs and services in districts of residence. This new form of accountability intended by the Legislature has been faithfully implemented – the Department of Education has closed six operating charter schools over the first four years for lack of adequate performance.

Based on these findings, it is recommended that the charter school program in New Jersey continue. This does not mean, however, that our work is done. We have learned a great deal in the first four years of this initiative. The following specific conclusions and accompanying recommendations are offered to the Governor, Legislature and State Board of Education. They represent obstacles and opportunities that we have before us. Action on these recommendations is

essential if the charter school movement in New Jersey is to continue to grow and thrive.

CONCLUSIONS AND RECOMMENDATIONS

FUNDING:

Conclusion: Insufficient resources are provided to charter schools. They currently receive only 90 percent of the per-pupil expenditure in their districts of residence. However, unlike traditional public schools, charter schools receive no aid for facilities. As a result, charter schools must use significant portions of the funds in their operating budgets to pay rent and other facilities costs. The average facility cost for charter schools is \$1500 per student. This reduces the percentage of per-pupil funds that is available for programs, instructional costs and administration to approximately 65 to 70 percent. While we have learned that well-run charter schools can do more with less, the amount of available funds is so significantly less than what is available to districts of residence that some charter schools have closed and others are likely to close for lack of sufficient resources.

Recommendation: Charter schools should be provided state aid for facilities. In the first year, the amount should equal the current average cost of facilities on a per-pupil basis or \$1500. In subsequent years, this amount should be increased by the rate of inflation. It should be noted that legislation (S-2496 and A-3773) has been introduced that will effectively address this issue. It is recommended that this legislation be enacted as soon as possible.

Conclusion: Current state regulations prohibit charter schools from incurring long-term debt. This severely restricts their ability to develop and implement fiscal plans in a time frame greater than one year. This, in some cases, has had a deleterious effect on their ability to conduct long-range planning and implement sustainable educational programs.

Recommendation: Amend the regulations to allow charter schools to incur long-term debt with appropriate controls and restrictions.

Conclusion: Charter schools are currently prohibited from using public funds for the construction of facilities. This prohibition was included in the authorizing

statute to take into account a situation in which a charter school might use public funds to construct a school, but would then close its doors.

Recommendation: Modify the Charter School Program Act to allow the use of public funds for facility construction but build in mechanisms to ensure the appropriate future educational use of those facilities, e.g., mandates regarding transfer of ownership to educational institutions and assurance that educational adequacy requirements are met.

Conclusion: Many charter schools have encountered great fiscal problems as a result of instability in the flow of resources. Their budgets are based on projected enrollments. If those enrollment projections are off to an appreciable degree, the flow of resources can change dramatically, necessitating budget, program and staffing cuts. Charter schools need to have greater revenue stability so they can effectively plan and implement their budgets throughout the school year.

Recommendation: Revise the statutory mechanism for providing aid to charter schools to provide a more stable revenue stream in order to mitigate cash flow problems and ensure sufficient resources, as well as to consolidate aid payments.

SUPPORT AND ASSISTANCE:

Conclusion: Starting a school is a very difficult proposition. Insufficient resources have been devoted to the support, guidance, assistance and nurturance of charter schools. Further, it is unwise to ask that a single entity, the Department of Education, serve two roles that often conflict – assistance and accountability.

Recommendation: Provide ongoing state funding to establish a charter school support center (in, but not of, the Department of Education or in an institution of higher education) with responsibility for assisting new and existing charter schools in the following ways:

- serving the needs of students with educational disabilities and limited English proficient students;
- securing appropriate facilities;
- establishing policies and procedures;
- general program development;
- developing and implementing curricula;

- conducting formative and summative program evaluation to drive continuous educational improvement;
- serving as a clearinghouse for successful and promising practices;
- hiring and developing staff;
- developing and implementing budgets and fiscal procedures;
- establishing governance mechanisms;
- grant writing; and
- other support, training and assistance functions.

By creating this independent support center, the Department of Education would be able to focus its attention on oversight and accountability.

PLANNING:

Conclusion: Starting a school is difficult even under the best of circumstances. It requires careful and thoughtful planning with sufficient guidance and assistance.

Recommendation: Require that all newly approved charter schools engage in a comprehensive planning phase, including development and approval by the Department of Education of a plan that, when properly implemented, will ensure the successful launch of the charter school and long-term viability.

Conclusion: Those leading the effort to establish a new charter school need to be able to devote their attention to the start-up phase. This is not something that can be done part-time by volunteers without assistance. Dedicated resources are needed to support and sustain planning efforts to ensure the creation of strong, high-quality public charter schools.

Recommendation: Provide state-funded grants to founders and/or lead persons of charter schools immediately after the charter school is approved and during the comprehensive planning phase to enable them to devote the necessary time and resources to ensure the successful development and implementation of the school viability plan.

Recommendation: With state and federal funds, provide start-up grants to all newly approved charter schools to enable them to conduct essential activities such

as hiring staff, securing a facility and refining the academic program during the comprehensive planning phase.

Conclusion: If a new charter school is to be successful and viable, it must have a qualified, skilled and knowledgeable lead person at the helm.

Recommendation: Require that all new charter school lead persons participate in a leadership institute as a condition of the school's receipt of the charter to open its doors.

PERSONNEL:

Conclusion: Those charter schools that have encountered fiscal difficulties have almost universally not employed a qualified fiscal person to oversee their budgets and fiscal practices.

Recommendation: Modify regulations to require that all charter schools employ a qualified school business official.

Conclusion: Charter schools, as new ventures, often have greater difficulty recruiting and retaining qualified staff.

Recommendation: As an added incentive to teach in a charter school, a mechanism should be created to allow children of teachers in charter schools to attend those schools.

REGULATION/OVERSIGHT:

Conclusion: Essentially, charter schools are required to follow virtually all the major laws and regulations governing traditional public schools in New Jersey. We have not provided the kinds of relief from state mandates to provide the autonomy necessary to allow greater levels of innovation and creativity. Charter schools have made the commitment to higher levels of accountability. We, however, have not provided charter schools with the freedom from mandates in exchange for that higher level of accountability. Charter schools have made great educational strides in the first four-plus years of this initiative. Increased relief

from mandates will enable charter schools to advance their educational goals and objectives as intended in the enabling legislation.

Recommendation: Amend the Charter School Program Act to eliminate the section that requires that a “charter school shall operate in accordance with ...the provisions of law and regulation which govern other public schools.” Charter schools should be required to operate in accordance with appropriate mandates, but they must be freed from those mandates that interfere with the Legislative intent – to provide a greater level of autonomy in exchange for increased accountability (i.e., increased student performance results). Of course, we must keep in place those essential mandates such as student health and safety, assessment, teacher certification, criminal history background checks, anti-discrimination statutes, civil rights, etc.

Recommendation: Provide greater regulatory relief. Conduct a comprehensive review of the entire charter school regulatory scheme and modify the regulations to require only those absolutely necessary.

Conclusion: The Charter School Program Act of 1995 authorized the establishment of charter schools by institutions of higher education and private entities and through the conversion of existing public schools. While such schools hold great promise, none has been established in New Jersey because there are significant obstacles and insufficient incentives to do so.

Recommendation: Modify the statute and implementing regulations to eliminate obstacles and create incentives for the establishment of:

- conversion charter schools,
- charter schools operated by businesses, and
- charter schools operated by institutions of higher education.

Conclusion: Charter schools need more time to establish stability and build momentum. Currently, charter schools are chartered for an initial four-year period, with renewal possible for another five years.

Recommendation: Modify the Charter School Program Act to allow the granting of charters for an initial five-year period with a renewal for five years. The modified legislation also should authorize the Commissioner to grant conditional renewals for one year with a comprehensive evaluation conducted by the

Department of Education to determine if the full five-year renewal should be granted.

Conclusion: Charter schools currently are required to submit annual reports to the Commissioner of Education by August 1. This date is too early in that it does not allow schools to include their extended school years and most current student achievement data in their reports.

Recommendation: Modify the charter school statute to require the submission of the annual report of each school no later than November 5.

Conclusion: A variety of approaches need to be taken to foster innovation and creativity in charter schools, including the way they are authorized and overseen.

Recommendation: The Department of Education should continue as the main authorizer and oversight agency for charter schools. However, it is recommended that the statute be amended to allow an alternative form of authorization and oversight. In the context of a pilot project, an autonomous agency or institution of higher education should be authorized to grant and oversee a limited number of charter schools.

Conclusion: There currently are six charter schools that have contracts with private, for-profit education management entities to operate some or significant portions of their programs and schools. There has been considerable confusion regarding the roles and latitude allowable under such circumstances.

Recommendation: A thorough review of the requirements of the Charter School Program Act of 1995 and the public school contracts law should be conducted. The statute should be amended to more clearly delineate roles, authority and latitude in these contractual arrangements.